

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

October 20, 2021

Hellenic Seniors Center, located at 7847 Rush River Drive in Sacramento, requested for a reservation of \$604,835 in annual federal tax credits and \$2,007,244 in state tax credits, but the project is being recommended for a reservation of \$774,121 in annual federal tax credits only, to finance the acquisition and rehabilitation of 69 units of housing serving tenants with rents affordable to households earning 30-55% of area median income (AMI). The project will be developed by Philoxenia Housing, Inc. and is located in Senate District 6 and Assembly District 9.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will be preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number CA-21-088

Project Name Hellenic Seniors Center
Site Address: 7847 Rush River Drive
Sacramento, CA 95831 County: Sacramento
Census Tract: 40.100

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$604,835	\$2,007,244
Recommended:	\$774,121	\$0

Applicant Information

Applicant: 7847 Rush River Investors LP
Contact: Nick Advis
Address: 455 Capitol Mall, Ste. 801
Sacramento, CA 95814
Phone: 916-287-9292
Email: navdis@thomaslaw.com

General Partner(s) / Principal Owner(s): Philoxenia Housing, Inc.
Community Resident Services, Inc.

General Partner Type: Nonprofit

Parent Company(ies): Philoxenia Housing, Inc.
Community Resident Services, Inc.

Developer: Philoxenia Housing, Inc.

Investor/Consultant: WNC & Associates

Management Agent(s): FPI Management, Inc.

Project Information

Construction Type: Acquisition & Rehabilitation

Total # Residential Buildings: 15

Total # of Units: 70

No. & % of Tax Credit Units: 69 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: HUD Project Based Contract (69 Units - 100%)

Information

Set-Aside: At-Risk
Housing Type: At-Risk
Geographic Area: Capital Region
TCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 7	10%
At or Below 40% AMI: 11	15%
At or Below 50% AMI: 28	40%
At or Below 55% AMI: 23	30%

Unit Mix

66 1-Bedroom Units
4 2-Bedroom Units
70 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 1 Bedroom	30%	\$510
10 1 Bedroom	40%	\$680
27 1 Bedroom	50%	\$850
23 1 Bedroom	55%	\$935
1 2 Bedrooms	30%	\$612
1 2 Bedrooms	40%	\$816
1 2 Bedrooms	50%	\$1,020
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$8,750,000
Construction Costs	\$0
Rehabilitation Costs	\$3,303,400
Construction Contingency	\$430,340
Relocation	\$100,000
Architectural/Engineering	\$150,000
Const. Interest, Perm. Financing	\$409,954
Legal Fees	\$250,000
Reserves	\$482,356
Other Costs	\$234,551
Developer Fee	\$1,125,208
Commercial Costs	\$0
Total	\$15,235,809

Residential

Construction Cost Per Square Foot:	\$73
Per Unit Cost:	\$217,654
True Cash Per Unit Cost*:	\$152,064

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi	\$7,893,205	Citi	\$4,041,258
Seller Carryback Note	\$4,450,000	Seller Carryback Note	\$4,450,000
Seller Existing Reserves	\$178,000	Seller Existing Reserves	\$178,000
Deferred Reserves Until Completion	\$304,356	Deferred Developer Fee	\$141,348
Deferred Developer Fee	\$1,285,040	Tax Credit Equity	\$6,425,203
Tax Credit Equity	\$1,125,208	TOTAL	\$15,235,809

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$5,537,344
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$8,461,854
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$5,537,344
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$8,461,854
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$435,647
Maximum Annual Federal Credit, Acquisition:	\$338,474
Total Maximum Annual Federal Credit:	\$774,121
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,125,208
Investor/Consultant:	WNC & Associates
Federal Tax Credit Factor:	\$0.83000

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	At-Risk
Final:	12.692%

Significant Information / Additional Conditions

The project requested a reservation of \$604,835 in annual federal tax credits and \$2,007,244 in state tax credits, but is being recommended for \$774,121 in annual federal tax credits only, since the application did not maximize federal credits, pursuant to TCAC Regulation Sections 10317(b) and 10317(c).

The applicant's estimate for annual operating expenses per unit is below the \$5,100 published per unit operating expense minimum required for this type of project. Under regulation section 10327(g) operating expenses below the published minimum may be corrected. At the submission of the next updated TCAC application required by TCAC, and all subsequent submissions to TCAC, the applicant must meet the requirement of regulation section 10327(g)(1).

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit, service every 30 minutes in rush hours	6	6	6
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.